

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE MEETING

Location:
Teleconferenced Meeting

October 14, 2019

ATTENDANCE

Committee Present: Gayle Harbo, *chair*
Lorne Bretz
Norman West

Committee Absent: Robert Johnson

Other Trustees Present: None

Department of Revenue Staff Present:

Bob Mitchell (chief investment officer)
Pamela Leary (director, Treasury Division)
Scott Jones (comptroller)
Kayla Wisner (deputy comptroller)
Stephanie Alexander (board liaison)

Department of Administration Staff Present:

Kevin Worley (CFO, Division of Retirement & Benefits (DRB))
Christina Maiquis (DRB, DOA)

Others Present:

Stuart Goering (assistant attorney general, Department of Law)
Melissa Beedle (KPMG)
Beth Stuart (KPMG)

I. CALL TO ORDER

CHAIR GAYLE HARBO called the meeting to order at 10:02 a.m.

II. ROLL CALL

CHAIR HARBO, MR. BRETZ, and MR. WEST were present at roll call.

III. PUBLIC MEETING NOTICE

Board liaison STEPHANIE ALEXANDER confirmed public meeting notice had been met.

IV. A. Approval of Agenda

MR. WEST moved to approve the agenda. MR. BRETZ seconded the motion. The agenda was approved without objection.

**V. PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS,
AND APPEARANCES - None**

VI. A. Review of Draft Financial Statements

1. Public Employees' Retirement System

CHAIR HARBO introduced KEVIN WORLEY, CFO, DRB, and BETH STUART and MELISSA BEEDLE, KPMG, to review the Draft Financial Statements. MR. WORLEY reminded the members the Treasury Division investment returns have not yet been received and are expected to be forwarded this week. He informed some of the disclosures in the Management's Discussion and Analysis section cannot be finalized until the return is received.

MR. WORLEY noted he advised the State the Final Financial Statements will not meet tomorrow's submittal deadline. Draft Financial Statements have been submitted and the Final Financial Statements will be submitted by the end of the week. MR. WORLEY explained the delay is due to the Division of Finance issuing numbers almost two weeks later than anticipated.

MR. WORLEY began the review of the Draft Financial Statements and requested members provide comments during his presentation.

CHAIR HARBO believes paragraph two on page nine could be written more clearly. MR. WORLEY agreed to review the paragraph. MR. WEST commented the explanations could be more consistent in discussing each specific year.

2. Teachers' Retirement System

MR. WORLEY noted he will review paragraph three on page nine of the TRS Draft Financial Statements and revise for clarity. There were no additional comments.

3. Judicial Retirement System

MR. WORLEY reviewed JRS. There were no comments.

4. Supplemental Benefits System

MR. WORLEY reviewed SBS. MR. WEST inquired if the events involving the US Real Estate Investment Trust Index, which occurred subsequent to the date of June 30, 2019, should be disclosed. MR. WORLEY asked MS. STUART if the combination of investment types is worthy of note disclosure as a separate subsequent event notice. MS. STUART believes that decision falls under the discretion of the Committee. If the Committee would like to include the disclosure, it would be best to describe it under the investment note. However, she does not believe it is a required disclosure.

MR. WEST believes the information is significant to the user and warrants inclusion. MR. WORLEY agreed to include the information under Investment Note 3.

5. Deferred Compensation Plan

MR. WORLEY commented the same information regarding the US Real Estate Investment Trust Index will be included in the Investment Note section of the Deferred Compensation Plan. There were no additional comments.

6. National Guard and Naval Militia Retirement System

MR. WORLEY believes this information will be released as a final audit report. The previous audit report was issued in 2016. MR. WORLEY informed two years' of the statements of fiduciary net position is being issued and one year of changes in fiduciary net position is being issued. The vast majority of the financial position was audited by KPMG through the Treasury Audit and ARM Board investment assets, and this report reviews one year of changes in financial net positions. There were no comments.

MR. WORLEY expressed appreciation to CHRISTINA MAIQUIS, DRB, and her staff for their efforts in completing the financial statements. He noted every section in the Division was included in the audit process, and thanked all staff for their diligence.

CHAIR HARBO agreed with MR. WORLEY's expression of appreciation to the great team at DRB.

B. Further Meeting Schedule

CHAIR HARBO stated the 2019-2020 meeting schedule is attached.

VII. OTHER MATTERS TO PROPERLY COME BEFORE THE COMMITTEE

None

VIII. PUBLIC / MEMBER COMMENTS - None

IX. ADJOURNMENT

MR. BRETZ moved to adjourn the meeting. MR. WEST seconded the motion.

The motion passed without objection.

The meeting was adjourned at 10:24 a.m.

Note: An outside contractor recorded the meeting and prepared the summary minutes. For in-depth discussion and presentation details, please refer to the recording, staff reports, and written presentation materials on file at the ARMB office.